DCI/IC RESOURCE REVIEW

Proposed Operating Plan

for

Calendar Year 1973

27 February 1973

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SECTION I

Introduction

The purpose of this paper is to propose an operating plan for the IC Staff for 1973 in support of the DCI's community program and resource review responsibilities, and leading to the preparation of the National Intelligence Program Memorandum (NIPM) for FY 1975 and the Congressional presentation for the same year.

The plan assumes that the Intelligence Resources Advisory Committee (IRAC), which is chaired by the DCI, will be revitalized to assist him in the fulfillment of those responsibilities assigned by the President's directive which are aimed at bringing about the development of a cohesive National Intelligence Program and community direction. It is further understood that this may involve upgrading the membership of the Committee to include the Deputy Secretary of Defense, Deputy Secretary of State, the Deputy Director of CIA, and the Deputy Director of OMB.

Specifically, the plan provides for the DCI, in consultation with IRAC, to perform the following recurring tasks each year:

    a. <u>Planning Guidance.</u> This task calls for the development, at the beginning of the fiscal cycle, of DCI guidance and strategy to which each national intelligence program entity would respond in its program proposals. The guidance should pick up on the findings and conclusions in the NIPM and be tailored explicitly for each Program Manager.

    b. <u>Fiscal Guidance.</u> This would involve the DCI, in concert with the National Security Council and the Office of Management and Budget, in the development of fiscal guidance for national intelligence activities and entities therein.

    c. <u>Program Managers' Reviews.</u> The DCI's community staff would participate, with program managers, in the preparation and review of their program and budget proposals prior to presentation of options to the DCI and IRAC.

d. <u>Special Studies</u>. Special studies are of two types: (1) <u>ad hoc</u> studies focused on particular projects or capabilities for the purpose of improving the distribution of resources and of increasing intelligence capabilities; and, (2) studies of the performance, and allocation of resources, against priority intelligence targets conducted by community task teams of substantive experts.

e. <u>NIPM</u>. Submission of a National Intelligence Program Memorandum to the President which lays out DCI program and resource recommendations and options, including any significant dissenting views of the national intelligence principals.

f. <u>Congressional Presentation</u>. Defense of the National Intelligence Program before Congressional Committees.

Each of these tasks is discussed in subsequent sections of this paper.

Fundamental to the plan is an IC Staff composed of very competent substantive analysts who would (1) take the leadership in the identification and study of community issues, (2) chair teams of senior personnel drawn from the community which would assess the program mix against major intelligence targets, (3) task other community bodies and managers for cost/benefit evaluations, and (4) draft planning and program/resource papers (such as NIPM) for the DCI and IRAC.

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SECTION II

Specific DCI/IRAC Tasks

A. Planning Guidance

NSCID-1 directs that the DCI assume responsibility for "Planning, reviewing and evaluating all intelligence activities and the allocation of all intelligence resources." The issuance by the DCI of Planning Guidance is one means for encouraging the development of programs, and adjusting the program mix, consistent with DCI priorities.

One purpose of the Planning Guidance is to provide a substantive basis for, or input to, program and fiscal guidance developed by individual departments/agencies. As such, it should be thought of as an annex to the NIPM which carries forward DCI evaluations, conclusions and guidance for the next program year. It is a reflection of DCI objectives and accordingly should address intelligence needs, product requirements and gaps, trends, and forecast priorities. It may also suggest areas for study by the departments/agencies. Normally, the Planning Guidance would not address specific fiscal levels for programs but it may reflect DCI assumptions on fiscal and manpower constraints that were used in the development of the Planning Guidance.

Planning Guidance will be drafted by the DCI/IRAC Staff after appropriate consultations with the intelligence managers. It will be submitted for DCI and IRAC consideration and approval in late November each year so as to be available to intelligence program managers in the development of program proposals for the next fiscal year.

B. Fiscal Guidance

Broad Fiscal Guidance for national intelligence entities should emanate from the DCI/OMB level. At present it is issued only in Defense and in the context of the entire Defense budget. The intelligence portion is prepared by ASD(I) with the assistance of the intelligence program managers and ASD(SA). It provides the target fiscal level for each major Defense intelligence program for the forward five-year period -- the first year being the program year (budget year plus one). This is the level that each service/defense intelligence agency will attempt to achieve in

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its program proposals and within which an identification of
trade-off options will be made. Fiscal Guidance is developed by
Defense during January/February and is normally issued in late
February or early March. It is the first step in the annual
process of developing and reviewing Defense program and resource
proposals. It may also include specific priorities of the ASD(I)
for program managers and identify specific resource or managerial
issues of concern to the DCI or ASD(I).

The significance of Fiscal Guidance in the Defense resource
allocative processes cannot be overemphasized. At present the
DCI does not participate in the formulation of Fiscal Guidance.
This has been a task of OMB and the department/agency head. Fiscal
Guidance provides the discipline and level within which the
services/defense agencies build their program.

During the month of December each year, the DCI/IRAC Staff
should work with appropriate OMB staff personnel to develop
proposed guidance levels for all national intelligence entities.
The proposed Fiscal Guidance so developed would be presented to
IRAC by the OMB representative to the Committee for its considera-
tion, approval and implementation within the respective organiza-
tion of each member. The DCI Staff's role in the development of
Fiscal Guidance would be one of providing coordinated substantive
advice to OMB and elaboration on the options implicit in the
Planning Guidance.

C. Special Studies

Ad Hoc Studies

The staffing out of issues provides the essential substantive
basis for resource decisions. Issues to be so studied must be
identified early enough in the program/resource decision process
that the results of the studies will input to these decisions.

Any IRAC principal may propose issues for study. In addition,
it would be the responsibility of the DCI/IRAC Staff, after con-
sultation with appropriate community officials, to propose issues,
and suggested handling, for DCI/IRAC consideration, approval and
implementation. This task must be accomplished early in the program
cycle, probably by November/December of each year.

Issue studies not placed before IRAC, or not undertaken by
IRAC, but which are necessary to support the DCI's responsibility
for program guidance and preparation of the National Intelligence
Program, would be undertaken as determined by the DCI. Issues
falling in this category might include:

a. An issue which falls within the particular competence of a USIB Committee to study.

b. The relatively small, strictly resource-related type of issue which would generally not cut across more than one program and which might best be informally staffed out by a DCI Program Team working through the programming mechanisms of the various agencies.

c. Cross-program analysis directed at both qualitative or quantitative assessments in such matters as manpower productivity, training, security, and management systems.

Target-Oriented Task Teams

The purpose of this effort is to evaluate community mix of programs, performance, and costs, against specific intelligence targets. The approach presumes the identification of major intelligence problems (e.g., Chinese Strategic Weapons Program) and the development by substantive experts of analyses which address: (1) the intelligence task now, and what it will be for the next several years; (2) intelligence programs deployed against the problem and costs; (3) the relative contribution of each; (4) major gaps; and, (5) changes in emphasis that might alter the picture during the next few years.

The analyses thus performed, along with the results of studies of specific issues and information acquired through participation in the various program review processes, would form the primary input for DCI/IRAC consideration of priorities and performance of programs, and permit the consideration of policy and resource options by the DCI/IRAC in the development of program levels.

The proposed method for conducting these analyses is to establish a series (five or six) of informal task teams under IC Staff direction to consider each of several intelligence problem areas, such as the following:

- Soviet Strategic Weapons, e.g.
    Strategic attack
      Missile testing
      Missile deployment
      Strategic aircraft

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D. DCI Participation in Community Program Review and Resource Allocation Processes

1. General

Implementation of the 5 November directive and NSCID-1 requires that the DCI develop an effective means for reviewing the intelligence activities of the intelligence community in order to identify and assist in the resolution of major intelligence program issues, recommend the appropriate allocation of resources, and prepare a National Intelligence Program Memorandum for the President. A thorough understanding of community activities and their related costs as well as the need for the product of the activities is essential. The gaining of these insights will require, in addition to the conduct of cost/benefit analyses for selected activities or systems, participation by DCI representatives in the several review processes, basic program and resource data about the activities, and an opportunity for DCI judgments and recommendations to be considered at all points in the decision process, prior to formal submission of program and resource proposals to the DCI and IRAC for approval.

This will mean that data will be required, some of which may not now be produced routinely in the existing systems. The DCI requirement for data is discussed in Section III.

A comparison of the program review and budget cycles of Defense Department intelligence activities, CIA and State Department reveals that each agency has its own system for program and budget development but the basic concepts are the same, and the schedules are remarkably similar. This is not too surprising since all have the same deadline for completing the process, and the starting point and certain intermediate points are defined somewhat by Executive and Congressional decisions, e.g., when decisions are made on the prior year's budget. Thus, there appear to be no insurmountable procedural or scheduling conflicts among the different review and decision processes of the several agencies, and it is feasible and advisable for the DCI to work within the existing departmental systems.

Each of the major steps in the community programming and budgeting cycle is discussed briefly below. First, it should be noted that this paper addresses the systems as they are supposed to function. There has been a tendency in the past year or two, notably in Defense, not to hold some of the formal reviews (e.g., GDIP) called for by the system.

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2. Program Managers' Review

The Program Managers for CCP and GDIP hold their reviews sometime during the period March to June each year.* The reviews consider program proposals (Program Objectives Memoranda, or POMs) of the services/defense intelligence agencies which have been developed within the Fiscal Guidance. The result of the review is a Program Managers' Recommendation which is submitted to ASD(I) and becomes one of the inputs to his review of Defense intelligence programs.

The DCI's role in the Program Managers' review should be that of a non-voting participant. The objective should be to acquire an understanding of programs -- their objectives, contributions, and costs -- and to raise issues or present substantive analyses of assistance in the review.
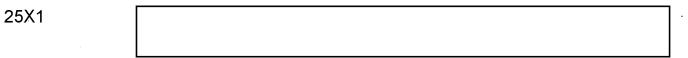
3. ASD(I) CDIP Review

ASD(I) conducts his review of the service/defense intelligence agencies' Program Objectives Memoranda (POMs) and the Program Managers' Recommendations in July and early August. OMB is not a participant. Draft Program Decision Memoranda (PDMs) that result from the ASD(I) review are submitted in August to the SecDef for approval. "Reclamas" of the services/defense intelligence agencies are resolved during August. Decisions on the PDMs and "reclamas" form the basis for the preparation of budget estimates by the services/defense intelligence agencies which are submitted to ASD (Comptroller) in October.

The DCI's role in the CDIP review by the ASD(I) should be that of an active participant, providing substantive input on intelligence needs, trade-offs, and relative resource priorities. (See top p. 10.) DCI led IRAC preliminary program review involving all program managers. Output would be IRAC advice to DCI who would confer with SecDef prior to Program Decision Memorandum issuance. DCI guidance to program managers on current year can also occur.

4. Joint OMB-OSD Budget Hearings

Following the decisions of the SecDef on the recommendations from ASD(I) on the CDIP, the services/defense intelligence agencies submit formal budget requests to OSD and OMB (in early October). These requests display resources by program elements and organization, estimate appropriation levels, and provide very detailed

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object class data (salary data, travel, utilities, rents),
procurement details, construction by project, and so forth. The
focus of the budget review is (a) on pricing out program decisions
already made by the SecDef and (b) on the full program costs and
the details of increases/decreases from the prior year budget. In
previous years, these joint OMB-OSD budget reviews have not been
attended by the DCI. The new responsibilities of the DCI for
"reconciling intelligence requirements and priorities within
budgetary constraints" require that he be represented in the
hearings beginning this year. It would also ensure DCI involve-
ment in last minute adjustments resulting from Congressional
actions on the current year budget or from Executive Branch
decisions.

E.   National Intelligence Program Memorandum (NIPM)

      The President's 5 November 1971 memorandum and NSCID-1
require that the Director of Central Intelligence "prepare and
submit each year, through OMB, a consolidated intelligence program
budget" which provides "an annual detailed review of the needs and
performance of the intelligence community." Elsewhere the memoran-
dum states that the President will look to the DCI "to improve the
performance of the community, to provide him judgments on...intelli-
gence programs..., and to recommend the appropriate allocation of
resources to be devoted to intelligence."

      The OMB concept paper, dated 23 March 1972, states that the
consolidated intelligence program budget (here referred to as a
National Intelligence Program Memorandum or NIPM) should:

          a.   constitute "a statement of the DCI's views
      on resource levels for the various community programs;"

          b.   "serve as a record of the DCI's impact on the
      resource review process;" and,

          c.   provide an "analysis of progress toward manage-
      ment improvement goals."

In broad terms, then, the primary purpose of the NIPM is to provide
a substantive input to the resource allocation process -- a vehicle
for expressing DCI views on priorities, needs, performance, and
resource levels.

      The essential new feature proposed for this year's NIPM is
the presentation of specific resource recommendations options and tradeoffs
which have been considered by the DCI and IRAC and submitted as a
community program.

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Each community program manager (DD/CIA; D/INR; D/NRP; D/DIA; D/NSA) would present his program, as approved by the SecDef and other department heads, to the DCI/IRAC in July of each year. This presentation, DCI/IRAC guidance on each proposed program, plus guidance on issue studies, would permit the DCI/IRAC staff to assemble the proposed National Intelligence Program. This would then be presented to the DCI/IRAC and when approved, would form the basis for the NIPM, CIPB or Presidential Decision Memorandum which would be submitted to the President, through OMB, in December.

Organization of the NIPM would be as follows:

I. Introduction

A brief statement of the purpose of the NIPM and the DCI's objective in preparing this particular NIPM, and the approach taken and guidance or action requested by OMB, NSC, and the President.

II. Summary

A brief discussion of the program and resource levels requested by departments/agencies and DCI/IRAC options and recommendations.

III. Discussion of Programs and Priorities

The purpose of this section of the NIPM is to assess the community performance, and costs, against specific intelligence targets, e.g., Chinese Strategic Weapons Program. (The proposed approach for gathering the data for this section, conducting the analyses, and drafting appropriate papers, is discussed in Section II.C., above.)

IV. National Intelligence Resource Management

This section of the NIPM would present an examination of the resource utilization and allocation processes in the intelligence community with an identification of particular strengths, weaknesses, realistic expectations for the future, and possible changes that might be made.

V. Resource Schedules

Funds and manpower by program (as requested by program managers, and DCI options).

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Funds and manpower by function (as requested by program managers, and DCI options).

Funds and manpower by service (as requested by program managers, and DCI options).

Overall profile of funds and manpower by target.

VI. Appendixes

Appendix A. General Defense Intelligence Program
Appendix B. Consolidated Cryptologic Program
Appendix C. CIA Program
Etc.

An analysis by program (e.g., GDIP, CCP, CIA, State/INR, etc.) of the specific requests of the program managers and a presentation of DCI/IRAC options. The basis for these appendixes will be the programs as presented by the individual program managers to the DCI and IRAC, and adjusted on the basis of the decisions made by this group.

A mock-up of the NIPM is available in IC Staff for more detailed consideration of the proposal.

F. DCI Congressional Presentation

Preparation of the DCI's presentation to Congress on the National Intelligence Program must begin in January, with a mid-February target for completion.

The format and content of the speech will be patterned to the desires of the DCI and the committees. The purpose will be to provide Congress with sivibility of costs, performance and objectives of the various programs as presented in the President's budget.

SECTION III

Data Needs of the DCI/IRAC

The DCI and IRAC have certain formal commitments/tasks which require resource and performance data. They are:

-- Preparation of the National Intelligence
    Program Memorandum.

-- Preparation of the DCI's presentation to
    Congress in defense of the community
    budgets.

-- Review of program requirements, performance,
    and resource needs and approval of program
    mix and resource levels.

-- Preparation of issue papers.

Some of the data required will be obtained as a natural consequence of participating in the program and budget review and decision processes of departments and agencies. At various times during the cycle (e.g., for the NIPM and for the Congressional presentation), and on other un-scheduled occasions, the DCI may require a separate submission of resource and performance data.

A.   Characteristics of Data Requirements

Data provided to the DCI must satisfy the following essential criteria:

-- The data must be official. That is, the data provided the DCI should be the same as that used for internal management purposes and supported by the programming, budgeting, and accounts systems of the respective agency.

-- The data should provide adequate crosswalks between the programming and budgeting of resources, and the actual use that is made of the resources (the financial accounts structure).

-- Fund and manpower data must be available on request at budget submission level even though it may not have to be submitted on a routine basis.

-- Data must be available for past years as well as for future years to permit analysis and presentation of trend information.

The primary requirement is for a system, or access to a data system, that will support cross-organization and cross-program compilation and analysis of resource data (manpower and funds). The requirement is for the ability to arrange and display official resource data of intelligence agencies and activities according to the following:

-- By organization (department; agency; service; directorate; bureau).

-- By program (CCP; GDIP; [   ] CIAP; [   ]   25X1

25X1

-- By program element (within CCP; GDIP; CIAP; etc.).

-- By function (Category/Mission; Subcategory/Function; Element/Sensor).

[   ]   25X1

It will be necessary to be able to display the following types of resource data in all of the above arrays:

    --   Funds (TOA)

    --   Manpower (military and civilian)

B.   <u>Data Availability</u>

   The minimal requirement of the DCI is for an official update of program decisions and resource data at least <u>twice annually</u> -- to support the preparation of the NIPM and the Congressional presentation.

    a.   In <u>August</u>, the Program Manager's submission to the DCI and IRAC should be formatted to include a specific statement of his objectives or goals, programs proposed to meet the objectives, source of the requirements where available, prioritization of programs and alternative resource options. Statements of accomplishments should accompany program justifications, and resource data as described in the preceding section should be outlined for the following years:

     (1)   For the <u>budget</u> year (FY 1975): SecDef decision on the CDIP review (the PDMs). The data is required as basic input to the preparation of the draft NIPM.

     (2)   For the <u>current</u> year (FY 1974): The President's budget before Congress. This will continue to be the base year for explaining changes.

     (3)   For the <u>past</u> year (FY 1973): Actual obligations, or TOA, as appropriate. This is the base year for current trends.

    b.   In <u>February</u>, the DCI and IRAC will require data as described in the preceding section for the following years:

     (1)   For the <u>budget</u> year (FY 1975): The President's budget submitted to Congress. These will be the levels the DCI will address in his defense of the community program before Congress.

    (2) For the <u>current</u> year (FY 1974): The Congressional appropriation. This will be the base year for explaining change in the DCI speech.

    (3) For the <u>past</u> year (FY 1973): Actual obligations, or TOA, as appropriate.

An updating of the data base may be required if there is an out-of-cycle "decrement" exercise.

    Other data, such as target-oriented resource data, specific tasking of component units, and performance data, will be required as part of studies or reviews of specific activities or types of activities and will be requested as needed.

    It is essential that these data be available in the DCI work area in order to expedite analysis and use of the data in preparing DCI outputs. Otherwise, the data need not all be located here physically; nor must it be under DCI control.

    Preferably, the DCI would use systems established for, and operated by, intelligence managers for their own management purposes, recognizing of course that the DCI will not require on a routine basis data to the same level of detail as intelligence managers. The data would thereby be identical to what intelligence managers are using for their own purposes, would get updated as frequently as their own is updated, and there would be a better chance that all would use the same numbers.

Schedule of DCI/IC Staff Involvement in Community Resource Allocation Process...

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT
1. Develop Planning Guidance/IRAC Review												
2. DCI - Issue Planning Guidance												
3. OMB-DCI-DOD - Issue fiscal guidance												
4. DCI-IRAC - Consideration of Proposals for Ad Hoc Issue Studies and Establishment of Target-Oriented Task Teams												
5. DCI - IRAC-Program Managers - Discussion and decision on current year Congressional Budget Presentation thrust												
6. IC-Program Managers Review and Specification of Objectives for budget year issue identification												
7. IC - CDIP Review and develop DCI position on issues												
8. DCI - EXCOM												
9. DCI-IRAC - Program Managers present programs												
10. IC - Prepare NIP for DCI/IRAC decision - incorporating results of special studies												
11. IC - Draft NIPM												
12. OMB-CIA-DOD-DCI joint budget hearings position on issues to SecDef-CIA-State												
13. DCI - NIPM to President												
14. Prepare and present budget year NIP to Congress												
Study Identification and completion (For Aug/Sept review each year)												

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